

## HOUSING POLICIES



This chapter contains citywide funding and other housing policies that guide affordable housing development, as well as guidelines created for designated Housing Investment Areas.

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### Seattle Comprehensive Plan Policies & Neighborhood Plans

The City of Seattle's work on housing issues is guided by policies which were developed through two community planning efforts: the Seattle Comprehensive Plan, which was adopted in 1994 in response to the State of Washington's Growth Management Act, and the 38 neighborhood plans developed in Seattle neighborhoods as their response to the Comprehensive Plan.

The Comprehensive Plan set projections for Seattle's growth and development during the 20-year period between 1995 and 2015. These projections were established to help Seattle accommodate growth and maintain affordability while encouraging housing diversity and quality. More information on Comprehensive Plan housing policies and projected affordable housing resources is included in the Housing Strategic Plan chapter of the Consolidated Plan.

Following the adoption of the Comprehensive Plan, neighborhood groups throughout Seattle began their own planning processes, examining how the Comprehensive Plan's overall goals for housing, open space, infrastructure, and human services would be met in their communities. Many of these plans focus a great deal of attention on the need for affordable housing, and many communities propose innovative solutions in their plans, from relaxing parking requirements for housing in neighborhoods served by transit to encouraging innovative and affordable housing designs. Seattle's affordable housing strategies are tailored to the unique needs and desires of different parts of the city, based largely on priorities identified in the Neighborhood Plans.

### Citywide Housing Funding Policies

In addition to the overarching policies described above, the City of Seattle has developed a number of housing-specific policies designed to guide the implementation of its housing assistance programs.

## **Rental Affordability Policies**

As a general rule, program funds are available only for units that are occupied by tenants with incomes at or below the applicable limits at affordable rents for the respective income categories. Tenant households with income above the eligibility levels are called “over-income tenants.” Rents for over-income tenants may be increased above program affordable rent levels described above. City funding is not available for units that are occupied by residents with income greater than 80% of median income; however, the City may require as a funding condition that units occupied by such tenants, although not City-funded, become rent-regulated under a City Regulatory Agreement when occupancy changes.

For the purposes of this section of the Consolidated Plan, “Affordable rent” for low-income tenants means annual rent not exceeding 30% of 80% of median income; affordable rent for tenants with income not exceeding 60% of median income means annual rent not exceeding 30% of 60% of median income; affordable rent for very low-income tenants means an annual rent not exceeding 30% of 50% of median income; and affordable rent for extremely low-income tenants means an annual rent not exceeding 35% of 30% of median income.

“Median income” means annual family median income for the Seattle-Bellevue-Everett Primary Metropolitan Statistical Area, as published from time to time by HUD, and as adjusted for household size according to the method used by HUD for income limits in subsidized housing. For purposes of rent limits, median income generally is adjusted according to the presumed family size based on number of bedrooms in a unit, consistent with HUD rules for the HOME program.

The following Rental Affordability Policies shall apply to Seattle Office of Housing sources that provide capital subsidies to produce or preserve rental housing.

(1) Permanent capital fund sources, excluding 2002 Levy Funds, are subject to the following affordability policy in the 2003-2004 biennium:

- ▶ At least 50% of rental program funds shall be used for units with affordable rents for extremely low-income tenants (people with incomes at or below 30% of median income);
- ▶ Remaining rental program funds shall be used for units with affordable rents for very low-income tenants (people with incomes at or below 50% of median income), except for:
  - Rental program funds may be used for units with affordable rents for low-income tenants (people with incomes at or below 80% of median income) in the Central Area, Rainier Valley/Beacon Hill, Delridge/Westwood, South Park, Pioneer Square, and International District Housing Investment Areas for purposes described in the Housing Investment Areas section of this chapter, or within half a mile of a light rail station or major transit center located outside of Downtown. Only CDBG and HOME funds may be used for this purpose.
  - 1995 Levy funds targeted for units with affordable rents serving people with incomes between 50-65% of median income are subject to the 2002 Neighborhood Housing Opportunity Program (NHOP) affordability policy described below.

(2) 2002 Levy Rental Preservation and Production Program funds are subject to the following alternative affordability policy during the seven-year levy term (2003-2009):

- ▶ At least 59% of rental program funds shall be used for units with affordable rents for extremely low-income tenants (people with incomes at or below 30% of median income);
- ▶ Up to 10% of rental program funds may be used for units with affordable rents serving people with incomes at or below 60% of median income;

- ▶ A target of 31% of rental program funds shall be used for units with affordable rents for very low-income tenants (people with incomes at or below 50% of median income). The actual amount is determined based on the amount of funds used for units serving people with incomes at or below 30% and 60% of median income, as shown above.

(3) 2002 Levy Neighborhood Housing Opportunity Program (NHOP) funds are subject to the following alternative affordability policy during the seven-year levy term (2003-2009):

- ▶ Program funding shall be used for units with affordable rents for low-income tenants (people with incomes at or below 80% of median income);
- ▶ At least 25% of program funding shall be used for units with affordable rents for extremely low-income tenants (people with incomes at or below 30% of median income).

The Rental Affordability Policies apply to funding available in the City of Seattle biennial budget cycles (i.e. 2003-2004). Funding that does not meet the Rental Affordability Policies in the first year of a biennium must be brought into compliance by the end of the second year. The Rental Affordability Policies do not apply to programs where the City leverages other funds through credit enhancement strategies, or to other City funds sources (such as the South Lake Union Fund) where specific affordability guidelines are adopted by legislation.

As an exception to the policies in (1) through (3) above, where an existing, occupied project is to be acquired or rehabilitated with Levy or other eligible OH funds, and some units subsidized with those funds are occupied by over-income tenants with incomes up to 80% of median income, such funds may be used for units that will be brought into compliance with income and affordability rules for the target income group within two years of the date of the loan agreement. The initial regulatory term would be established for a fifty-two year period. By the end of the initial two-year period after the date of the loan agreement, over-income tenants would need to be relocated or the Borrower would be in default and required to return a prorata portion of the OH funding.

Bridge loans are also not subject to the policies set forth above, and funds used only for a bridge loan shall not be included (in numerator or denominator) in calculating percentages for purposes of those policies. To the extent that a bridge loan from a source in one of the three above categories is repaid or converted to long-term financing during the biennium, the use of the funds repaid, or the housing financed by the converted loan, as applicable, shall be included for purposes of all percentage calculations for the applicable fund source category, as if such funds had first been available during the biennium.

The above exceptions notwithstanding, units that are funded with Levy money raised for very low-income households under RCW 84.52.105 must be committed to serve such households, and any over-income tenants in such units must be relocated within a reasonable time after that Levy money is disbursed for the project, and in any event not more than two years after the date of the loan agreement, whether or not repayments are received.

## **Rental Housing Priorities**

Rental housing priorities are as follows (not listed in priority order):

- ▶ *Family housing* (projects with 50% or more of the units containing two or more bedrooms);
- ▶ *Neighborhood Plans* (projects that implement strategies identified in City-accepted Neighborhood Plans);
- ▶ *Senior housing* (projects in areas with demonstrated shortfall in supply of low-income senior housing);
- ▶ *Housing for people who are homeless and/or disabled* (recommendations from the Seattle-King County 1999-2000 Homeless Response report, the United Way Homeless Initiative, and priorities established in the Seattle-King County Continuum of Care applications are used to establish Office of

Housing funding priorities; housing for persons participating in the Gates Foundation Sound Families Initiative, welfare to work or employment programs for homeless also receive priority);

- ▶ *Section 8 Preservation and Expiring Use Projects* (preserving units with expiring project-based federal operating subsidy, expiring tax credit affordability restrictions and other developments with expiring affordability restrictions; specific funding emphasis guidelines will be included in future NOFA documents);
- ▶ *Housing units for people with incomes at or below 30% of median income* (developments including a substantial proportion of units serving households with incomes at or below 30% of median income receive priority in order to meet the affordability policies for 2002 Levy funds described above; projects that have secured significant philanthropic or non-City resources to provide necessary support services receive priority); and
- ▶ *Transit-Oriented Development* (projects located within ½ mile of a light rail station or major transit center and that incorporate pedestrian uses and transit access into the design).

## **Homebuyer Assistance Policy**

The City has had a Homebuyer Assistance program in place since 1997. This program provides down payment assistance loans to first time homeowners. The program is supported by HOME funds and 1995 and 2002 Housing Levy funds.

### *Policies Applicable to All City Homebuyer Assistance*

The following policies apply to all assistance for the purchase of property for home ownership when that assistance is either provided by the City (using any fund source) or is provided by a public or non-profit agency either using funds lent or granted by the City, or using money or property that is subject to an agreement with the City because it is derived from City funds or property (for example, money in a revolving loan fund). In this section "City Homebuyer Assistance" means all such assistance, including loans to homebuyers; loans to developers or prior owners assumed by, or otherwise passed through to, homebuyers; and interest rate buy-downs. Assistance for any improvements, if committed or provided in connection with a home purchase, is considered assistance for the purchase.

The total amount of City Homebuyer Assistance for any household is limited to \$45,000, except for assistance provided to a non-profit developer for development costs associated with a land trust project.

In order that a single-source of downpayment assistance may be provided for the convenience of borrowers, in lieu of loans using both City and non-City funds to the same borrower, OH may allow a higher amount of City Homebuyer Assistance, not to exceed \$70,000, for a borrower who receives a loan made as part of a project or lending program for which a developer or non-profit lending agency has obtained commitments of non-City homebuyer subsidy funds, only if all of the following conditions are satisfied:

- (1) Non-City subsidy funds provided to such project or program must be used for deferred down payment assistance loans or other assistance that increases the ability of low-income households to purchase a home.
- (2) The average amount of City-administered home purchase assistance for all low-income homebuyers participating in the project or lending program, including buyers who do not receive any City-administered funds, may not exceed \$45,000 per buyer.

All program participants are required to complete a homebuyer education program and be certified by the agency providing the education. Potential borrowers must be first-time homebuyers with incomes at or below 80% of median income and be able to financially qualify for a first mortgage with a participating

lender. First-time homebuyers are defined as "any individual who has not owned a home during the three year period prior to the purchase of a home, except that a) any individual who is a displaced homemaker may not be excluded because that individual, while a homemaker, owned a home with his or her spouse or partner; and b) any individual who is a parent or guardian of a minor child may not be excluded because that individual previously owned a home with his or her former spouse or former partner." Priority is given to borrowers who live in Seattle, are public employees working in Seattle, or other households with at least one person employed within the City of Seattle.

All loans are secured with a deed of trust and promissory note. Repayment terms shall be subject to Office of Housing approval and shall specify an interest rate, which generally shall not exceed 3% simple interest. All loans require anti-windfall protections such as shared appreciation, resale restrictions, right of first refusal and other measures; such provisions may be reduced and/or eliminated over time. The Office of Housing has the authority to revise the maximum loan amount of \$45,000 by up to \$10,000 for the downpayment assistance program, if increases in interest rates or sales prices, or lack of other homebuyer subsidies, create difficulty in qualifying low-income households for homebuyers in Seattle. The Director of OH must provide five (5) working days' notice to the Mayor and City Council if the loan amount is to be increased. The final decision of the OH Director is made with responses from the Mayor and City Council taken into account. Council approval is required if the OH Director wants to increase the maximum loan amount by more than \$10,000.

These policies apply and are effective for all awards of assistance directly from the City to homebuyers that are approved on and after the effective date of the ordinance adopting these policies, and shall be incorporated in all contracts and amendments made on and after that date under which any City Homebuyer Assistance is made available by or through another public or non-profit entity.

*Policies Applicable only to 1995 Housing Levy Funds*

The 1995 Levy supported loans are available only for homes purchased in the Housing Investment Areas as defined in this plan.

*Policies Applicable only to 2002 Housing Levy Funds*

Homebuyer assistance funded through the 2002 Levy may be used for downpayment and closing cost assistance, and interest rate buy-downs. Funds must primarily be used in Housing Investment Areas, as defined in this chapter of the Consolidated Plan. In accordance with the 2002 Housing Levy Administrative and Financial Plan (Levy A&F Plan), at least 75% of Levy Homebuyer Assistance Program funding must be used within designated Housing Investment Areas. In the allocation of at least 75% of these funds in Housing Investment Areas, if making funding decisions for proposals of equal merit, OH shall give priority to proposals for use of funding within communities that have historically been economically distressed. These communities are considered to be the following Housing Investment Areas: Central Area, Pioneer Square, International District, Rainier Valley/Beacon Hill, Delridge/Westwood, and South Park. Up to 25% of program funding may be used anywhere in the City, provided that requirements outlined in the Levy A&F Plan are met. OH will monitor the location of home purchases using Levy homebuyer assistance and evaluate whether the policy for geographic targeting of these funds needs to be modified. Additional eligibility limits apply to these funds, as follows:

- At least 50% of program funding shall be used to assist first-time homebuyers with incomes at or below 60% of median income;
- Up to 50% of program funding may be used to assist first-time homebuyers with incomes at or below 80% of median income.

## **Homeowner Rehabilitation Policy**

Purpose of the HomeWise Program:

- ▶ Provide healthy, safe housing for low-income households;
- ▶ Improve energy efficiency of the housing stock.

HomeWise repair priorities:

- ▶ Health, safety, and structural deficiencies;
- ▶ Energy efficiency upgrades.

Various homeowner rehabilitation programs have been available in Seattle during the past thirty years. Currently OH administers the HomeWise program, which provides low-interest rehabilitation loans, and weatherization services on a grant basis to income-eligible owners. The HomeWise program focuses on preserving single-family homes, maintaining the City's supply of low-and moderate-income housing, enhancing neighborhoods and building communities. Rehabilitation loans are only made to people with incomes at or below 80% of median income and the home must be their principal residence. The maximum individual rehab loan is \$45,000, with a waiver allowing up to \$10,000 additional (for an overall total of \$55,000). Interest rates generally are set at 3% simple interest. Depending on the circumstances of the individual household the loan may be amortized or deferred. The program prioritizes loans for health, safety, and code violations. Weatherization loans are made for weatherization-related repairs in homeowner single-family homes and eligible rental properties occupied by households with incomes at or below 60% of median income.

## **Bridge Loan Policy**

Bridge loans are intended to provide funding to permit housing projects to proceed in advance of the availability of permanent project funding. Bridge loan funding is available to enable project development activity such as acquisition and/or construction or rehabilitation when the borrower can provide assurance that permanent funding will be available from other sources within a reasonable time period to repay the bridge loan. Bridge loans may also be made for acquiring Section 8 preservation projects or to assist in the acquisition of sites or buildings in designated Housing Investment Areas or in certain neighborhood areas in order to implement Neighborhood Plan-identified strategies advocated by neighborhood groups. In these situations, projects do not need to come through OH's NOFA process.

Bridge loans are made utilizing any OH-administered fund sources determined to be appropriate by the OH Director. The maximum term of bridge loans shall be two years. OH shall require payment of a reasonable rate of interest, which shall be no less than 3% simple interest, and/or a loan fee for providing the bridge loan. A bridge loan may be made as a component of a larger loan of permanent fund sources in order to minimize documentation. OH provides annual reports to City Council regarding the bridge loan program.

## **Other Citywide Housing Policies**

### **Dispersion Policy**

The City's dispersion policy helps to ensure that subsidized rental housing is not over-concentrated in small areas. The policy applies to City-funded affordable rental housing and any other subsidized rental housing that requires a letter from the City of Seattle certifying consistency with this Consolidated Plan. The dispersion policy is generally intended to limit the proportion of subsidized rental housing units in a

Census block group (geographic area containing approximately 500 housing units) to no more than 30% of the total existing units.

OH generally does not fund, or certify as consistent with this Consolidated Plan, a project if the number of subsidized rental units it would add exceeds the capacity for additional subsidized rental housing in the Census block group where the project is located, based on the following calculation:

1. total number of housing units previously existing in the Census block group;
2. multiplied by 30%;
3. less the number of existing subsidized rental housing units in the Census block group.

Capacity calculations are based on the most current residential unit data available at the time of application for City funding for the project. The City's subsidized rental housing inventory is updated annually and typically includes the most recent information from local, county, state and federal subsidized housing databases.

The density-based dispersion policy does not apply to mixed-income developments, homeownership projects, and tenant-based Section 8 voucher or certificate programs.

#### Downtown exemption

Downtown is exempt from the dispersion policy because of its special nature as a high priority area for affordable housing investment. A map of the Downtown area where the exemption applies is included in the Housing Investment Areas and Downtown section of this chapter.

#### Dispersion waivers

The Director of OH or a designee may grant a waiver of the dispersion policy after five working days' notice to the Mayor and City Council. Final waiver decisions are made with Mayor and City Council responses taken into consideration. Waivers may only be granted in cases where one or more of the following criteria is met:

1. When a proposed subsidized rental project qualifies as a "neighborhood-supported project" as defined in the glossary of the Consolidated Plan.
2. When natural or constructed boundaries between existing subsidized rental units and a proposed subsidized rental housing development substantially lessen the cumulative impact of the assisted housing.
3. When existing and/or proposed subsidized rental units are predominantly subsidized rental elderly projects.
4. When the proposed site or building to be developed has historic preservation designation, which is defined as a site listed in the National Register of Historic Places or the state historic register, or a site designated by the City Landmarks Preservation Board and approved by the City Council.
5. When additional market rate housing is anticipated in the Census block group within the next three years or so.
6. When there are anomalies within or at the boundaries of the Census block group that result in peculiar density calculations.
7. When a subsidized project is intended to improve conditions in the private housing market either as a leader for more development in the future or to eliminate a problematic site impeding community development.
8. If the City's Comprehensive Plan, as amended, or a City Council-accepted neighborhood plan authorizes a number of housing units for homeless and/or low-income persons in a specific area, then any project in that area that does not cause the total of such units to exceed the authorized number shall be considered consistent with the location criteria in this Plan.

## Notification Policies

The City's notification policies for the siting of subsidized rental housing are known as *Good Neighbor Guidelines*. When a housing provider plans to locate a project in a neighborhood, neighbors may have questions or concerns. OH believes that the best interests of the providers, neighbors, and customers are served if a positive dialogue and long-term relationship is established early on. The objectives of the *Good Neighbor Guidelines* are to help facilitate discussion and to see reasonable adjustments for addressing identified concerns. The *Good Neighbor Guidelines* include the following:

- ▶ Notification should begin as soon as site control is obtained. Establishing a positive relationship with neighbors begins with a well-organized notification process.
- ▶ The extent of outreach is largely dependent on the type and size of the project and its actual or potential impacts on the surrounding community. Immediate neighbors, local businesses, and community councils should be the first to be notified.
- ▶ Complete information should be provided about the history of the organization, design of the facility, clients served, how the facility is operated, secured and maintained, how the neighbors can be involved and who can be contacted with questions and concerns.
- ▶ Community acceptance and support are further sought through community involvement with the development and operation of the project. Citizen advisory committees can provide that connection. Also, non-profit organizations should consider seeking a board member from the surrounding neighborhood.

Residents, the City and housing developers may at times disagree about the potential impact of a proposed project and the extent to which concerns may be addressed. It is OH policy that subsidized rental housing should be permitted and supported in all neighborhoods except where a high concentration of subsidized housing already exists. OH does not deny funding to a project solely on the basis of community-identified concerns, if that project has adhered to all location and siting guidelines. Community support of a project is not required.

## Relocation Policy

All City programs and projects should minimize displacement. When displacement is necessary, the City's goal is to minimize the impacts. City law generally requires that a tenant household with income at or below 50% of median income must be paid relocation assistance if the household will be displaced due to pending demolition, change in use or substantial rehabilitation, or because federal use restrictions are being removed from the building. Relocation assistance payments total \$2,246 per household, with one-half paid by the City and one-half paid by the owner/developer.

In addition, City law requires the owner of a building to give all residential tenants ninety days notice of the owner's intent to demolish, change the use of, substantially rehabilitate, or remove use restrictions from a building. With some exceptions, this law applies to all housing, whether in private, public, or nonprofit ownership.

Any housing development project (acquisition, rehabilitation, demolition, conversion) that receives federal HUD funding is required to comply with applicable federal rules, including those under the Uniform Relocation Assistance and Real Property Policies Act (URA) and with the City's Residential Antidisplacement and Relocation Assistance Plan (RARAP) where applicable.

## Policies Related to Use of Federal HOME and/or CDBG Funds



## **Tenant-Based Rental Assistance**

The City administers two rental assistance programs. The *Rental Stabilization Program* is funded with HOME funds. The second program, called the *Emergency Rental Assistance Program*, is funded through the 2002 Seattle Housing Levy and is described in more detail in the Levy A & F Plan.

Under the *Rental Stabilization Program*, \$350,000 of 2004 HOME funds are available for tenant-based rental assistance for families and individuals who are transitioning out of homelessness or who are at risk of becoming homeless. Up to eighteen months of transition and eviction prevention assistance is provided to eligible households. Additional non-HOME funding supplements the core rental assistance with case management services to address the special needs of those who have been or are at-risk of homelessness and to promote long-term stability for the households served. The program emphasizes client stabilization in housing six months after leaving the program. The Salvation Army is administering the program through a contract with the City.

Population served: Only Seattle households and individuals with incomes at or below 50% of median income are eligible to apply for rental-assistance funds.

Need: The need for rental assistance in Seattle is great. The three primary factors that demonstrate the need for tenant-based rental assistance funds are:

- ▶ The increasing number of individuals who are homeless;
- ▶ The “cost burden” or extent to which gross housing costs exceed 30% of gross household income; and
- ▶ The number of households on the Seattle Housing Authority’s waiting list for subsidized housing.

Feasibility: Tenant-based rental assistance is feasible in Seattle where the housing stock is in good condition. Vacancy rates vary from neighborhood to neighborhood and indicate that rental housing is available.

Consistency with the Consolidated Plan: Tenant-based rental assistance is used to assist households with incomes up to 50% of median income and who are homeless or at risk of becoming homeless. This is consistent with the Seattle Consolidated Plan priority to provide safe, habitable permanently affordable, rental housing primarily to very low-income Seattle renter households most in need.

Both of Seattle’s rental assistance programs were developed by the City in coordination with the Seattle Housing Authority and a diverse group of stakeholders who are experienced with rental subsidy and eviction prevention programs. The programs are an important element in the City’s overall homelessness prevention and long-term stability strategy. The models emphasize flexibility to foster coordination with other homelessness prevention programs, as well as with other fund sources dedicated to rental assistance and eviction avoidance. Administration of the *Rental Stabilization Program* includes oversight of HUD-defined fair market rent/reasonableness, Housing Quality Standards (HQS) and lead-based paint inspections, processing of payments to landlords/tenants, and developing terms for rental assistance contracts.

Tenant selection procedures: At least 50% of the households assisted each year qualify, or would qualify in the near future without tenant-based rental assistance, for one of the three federal preferences:

- ▶ Households occupying substandard housing, including households that are homeless or living in a shelter for homeless;
- ▶ Households paying more than 50% of annual income for rent; or
- ▶ Households that are involuntarily displaced.

The remaining households selected to receive HOME funds meet the following criteria:

- ▶ Households currently living in permanent housing but at risk of becoming homeless.

Subsidy amounts: The City uses HUD published Fair Market Rents (FMR) as the rent payment standard for units. The minimum tenant contribution toward the rent is \$50 per month.

## **Recapture and Resale Provisions**

The following provisions apply to any HOME funds allocated to the Homebuyer Assistance Program.

Federal HOME funds may be used for the following eligible activities:

- ▶ **Downpayment Assistance.** Each assisted purchase requires a promissory note and deed of trust, which shall provide for recapture of the HOME subsidy upon resale, refinance, or change of use or ownership of the property, or if the housing does not continue to be the borrower's principal place of residence, to the extent permitted by law. Loans also require anti-windfall protections such as right-of-first-refusal and other such measures; shared appreciation provisions may be reduced and/or eliminated over time. HOME funds may be recaptured by the City or a subrecipient.
- ▶ **Development Costs.** HOME funds that are allocated for eligible development costs initially require an agreement with the developer specifying the number of affordable units to be sold to eligible low-income homebuyers, as well as a promissory note and deed of trust. As the development is completed and units are sold to eligible homebuyers, the HOME funds are transferred to the buyers as downpayment assistance with loan terms as described in paragraph A above.
- ▶ **Development Buy-Down.** HOME funds that are allocated for eligible development costs require an agreement with the developer specifying the number of affordable units to be sold to eligible low-income homebuyers, and providing for long-term affordability of the housing. Requirements include:
  1. The initial sale and any resale of subsidized units must be made to income eligible households.
  2. The resale price during the applicable affordability period is limited to maintain an affordable purchase price for subsequent low-income homebuyers as well as provide for a fair return to the seller. The resale price formula must be approved in advance by OH.
  3. Purchaser income and sale price are restricted during the affordability period via a recorded deed of trust, promissory note, deed restriction or land covenant, and purchase option or right of first refusal.

## **Other Related Forms of Investment**

At this time, the City anticipates using a combination of forms of investment identified in HOME Program regulations.

## **Affirmative Marketing/Minority Outreach**

For projects with HOME or CDBG funding, borrowers are required to comply with 24 CFR, Part 85.36 by taking all necessary affirmative steps to provide opportunities for women and minority business enterprises in procurement and contracting. Such efforts may include, but are not limited to:

- ▶ Identifying and placing these firms on formal and informal solicitation/bid lists;
- ▶ Encouraging these firms' participation through direct solicitation or bids or proposals whenever they are potential sources;
- ▶ Advertising in minority and women's publications;
- ▶ Dividing total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by such firms;
- ▶ Encouraging contractors and subcontractors to subcontract with qualified WMBEs; and

- ▶ Using the services and assistance of the Urban League Contractor Development Competitiveness Center.

The City does not require any minimum level of WMBE subcontractor participation as a condition of awarding any contract and does not require the borrower to give any preference to a bidder or proposer for its WMBE utilization or WMBE status. However, in the Levy A&F Plan, the City has adopted a 14% combined WMBE aspirational goal that applies to all construction and other contracted services. This aspirational goal applies to all funds identified in the City's NOFA for low-income rental housing.

Borrowers of City funds are expected not to create, nor permit contractors or bidders to create, barriers to open and fair opportunities for WMBEs to participate in contracts for projects, and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. Borrowers are required to maintain records of all bids or proposals from general contractors for the projects and relevant records and information necessary to document levels of utilization of WMBEs and other businesses as subcontractors and suppliers on the project.

In addition, all recipients of HOME rental housing production program funds are required to comply with the City's Open Housing and Public Accommodations Ordinance, Seattle Municipal Code (SMC) Chapter 14.08. City policy generally prohibits an owner from refusing to sell, rent, or lease because of a person's race, color, creed, religion, ancestry, national origin, age, sex, marital status, sexual orientation, gender identity, parental status, political ideology, possession or use of Section 8 certificate, the presence of any sensory, mental or physical handicap, or the use of a trained guide or service dog by a handicapped person.

The City of Seattle promotes the availability and accessibility of housing to all persons. HOME program funds are administered in accordance with the Federal Fair Housing Act and all other federal legislation governing equal opportunity and nondiscrimination.

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C.1701u) requires that employment and other economic opportunities generated by HOME and CDBG construction shall be directed to (1) low-income persons, particularly those who are recipients of government assistance for housing, and (2) businesses which provide economic opportunities to low- and very low-income persons.

## **Housing Investment Areas and Downtown**

The guidelines described in this section apply to geographic areas in Seattle that have unique housing and community development issues. Largely, these are neighborhoods in Downtown, Central Area, Southeast, and Southwest, all areas that have been historically economically distressed and where accomplishing revitalization goals requires a continued focus in terms of targeted housing strategies and resources.

The City of Seattle has had geographic housing policies dating back to about 1975. These policies have primarily governed the location of subsidized housing. Starting in 1982, the areas subject to those location guidelines and accompanying strategies were called "Special Objectives Areas" (SOAs). The primary purpose of the SOA guidelines was to target housing programs in a way that ensured that over-concentration of subsidized housing was not occurring in economically distressed areas.

City Council asked the Office of Housing (OH) to reexamine the twenty-year old SOA guidelines as part of the 2004 Update to the Consolidated Plan. That process involved looking at new 2000 Census, market and other data to identify changes and trends in the four SOAs (Downtown, Central Area, Southeast, and

Southwest). This information was presented to residents and community groups in these historically distressed communities as part of a discussion about strategies needed to help achieve housing and community development goals for their neighborhoods.

The result of that process is this new Housing Investment Areas section, which broadens the scope of the SOA guidelines to include more detailed lists of strategies based on the unique housing and community development goals for each area, primarily as identified in Neighborhood Plans. Downtown continues to be a priority area for City housing efforts, and the strategies for the Central Area, Rainier Valley/Beacon Hill, and Delridge/Westwood are geared toward strengthening the City's focus on achieving key community development and revitalization objectives in those areas. Review of current data also showed two north end neighborhoods, Bitter Lake and Northgate, as areas that need targeted housing strategies, due to high concentrations of subsidized rental housing, low homeownership rates, and other emerging indicators of economic distress.

### **Housing Investment Area Boundaries**

Housing Investment Area boundaries identify where neighborhood-specific strategies are implemented. Housing Investment Areas also are geographic areas where Neighborhood Housing Opportunity Program (NHOP) or Homebuyer Assistance Program funds, or both, are targeted. These are two new programs that came about with voter approval of the seven-year, \$86 million Housing Levy in September 2002.

Because NHOP and the Homebuyer Assistance Program are relatively small programs, each averaging about \$1 million per year for the duration of the Levy, City Council directed that the funds be made available primarily in economically distressed communities. In accordance with the Levy A&F Plan, at least 75% of Levy NHOP and Homebuyer Assistance Program funding must be used within designated Housing Investment Areas. Up to 25% of program funding may be used anywhere in the City, provided that requirements outlined in the Levy A&F Plan are met. Levy Homebuyer Assistance Program funds are available throughout all of the Housing Investment Areas, except that, in the allocation of at least 75% of these funds in Housing Investment Areas, if making funding decisions for proposals of equal merit, OH shall give priority to proposals for use of funding within communities that have historically been economically distressed. These communities are considered to be the following Housing Investment Areas: Central Area, Pioneer Square, International District, Rainier Valley/Beacon Hill, Delridge/Westwood, and South Park. NHOP funds are focused more narrowly in higher-density areas within selected Housing Investment Areas.

The methodology for designation of the Housing Investment Areas involved a two-step process: (1) analysis of 2000 Census and other data, and (2) consideration of where other City funds are already being targeted for investment and where unique opportunities exist that could make the NHOP Program and Homebuyer Assistance Program particularly effective in assisting community revitalization efforts. The following describes both of those steps in more detail:

#### *Step 1: Objective Criteria*

Nine objective indicators were identified as measures of "economic distress". The nine criteria are:

1. Median household income < 50% of median in one or more Census block group (Source: 2000 Census);
2. Subsidized rental housing > 30% of total housing units in one or more Census block group (Source: OH Dispersion Database);
3. SF sale prices < 80% of median; < \$240K in 2002 (Source: NW Multiple Listings Service);
4. Poor housing conditions (Source: DCLU Vacant Building and Code Violation Maps);
5. Above average Part I crime rates in 2000 and 2001 (Source: Seattle Police Department Annual Reports);

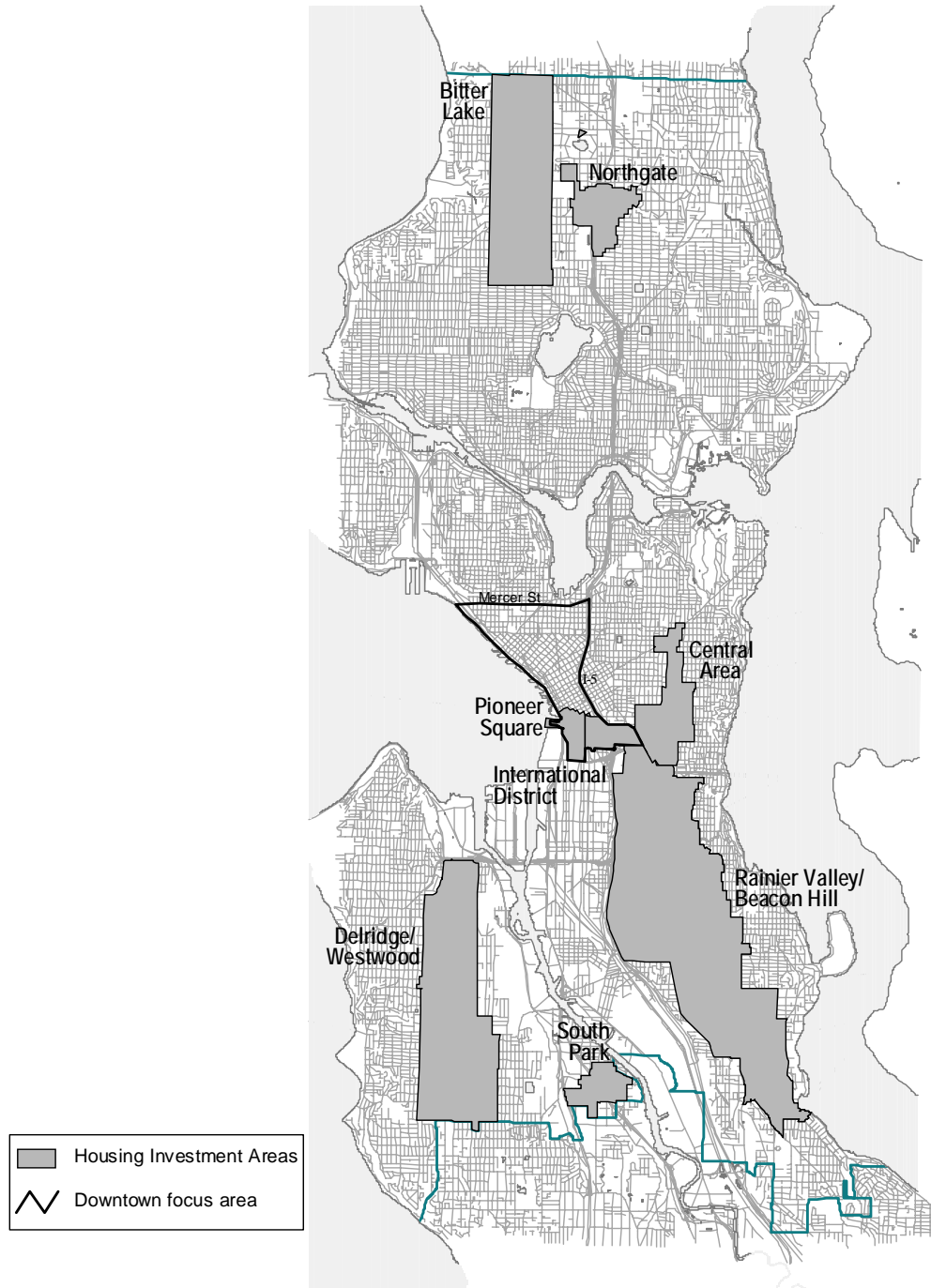
6. Job growth < 10% of Comprehensive Plan target (Source: DCLU);
7. Residential growth < 25% of Comprehensive Plan target (Source: DCLU);
8. Homeownership rate for occupied units < 50% in one or more Census block groups (Source: 2000 Census);
9. Market rents < 80% of average; < \$720 in 2003 (Source: Dupre+Scott).

These criteria were used to score and rank neighborhoods throughout the City. The income and residential growth indicators (criteria 1 and 7) were given greater weight in order to adequately reflect those neighborhoods that have very low-income populations and that lack residential development activity.

*Step 2: Identifying Opportunities to Maximize Impact*

This second step was primarily used to identify economically distressed communities where public investments are already being made and where the Levy NHOP and Homebuyer Assistance Programs could have the greatest impact. The objective was to combine limited NHOP and homebuyer assistance funds with other City resources to achieve priority community development goals. Most of the designated Housing Investment Areas are also target areas for other kinds of community development programs (HOPE VI, Neighborhood Revitalization Strategy Areas, economic development priority areas, transit-oriented community development fund, children & youth strategy areas, etc.). Levy NHOP funds are primarily available in urban villages, where mixed-use zoning permits the type of community development projects envisioned for economically distressed areas. As noted above, some designated Housing Investment Areas and parts of others are eligible for Homebuyer Assistance Program funds, but not NHOP. These tend to be lower-density neighborhoods with indicators of economic distress, where a large stock of affordable single-family homes and low homeownership rates make that program particularly suitable.

The following map shows the location of the Housing Investment Areas designated based on the criteria described above, as well as the broader Downtown area, where the City is continuing its efforts to achieve a continuum of housing for people of all incomes.



## **Downtown Priorities and Strategies**

Downtown continues to be a strong focus of City housing investment efforts. Since 1982, when the SOA guidelines were adopted, \$92.5 million of City affordable housing funds have been spent in Downtown (46% of total funds). The benefits of concentrated housing investments, both in terms of meeting the housing needs of very low-income populations and low-wage workers (i.e. retail, janitorial staff, healthcare workers, etc.) as well as achieving community development objectives, are highlighted in Downtown. The revitalization of Belltown is one example showing that subsidized housing development sometimes serves as a catalyst for future market-rate development. In the past twenty years, City funds have been used to renovate twenty-five vacant buildings in Downtown to provide affordable housing.

Within Downtown, Pioneer Square and the International District meet the criteria for designation as Housing Investment Areas. Priorities and strategies for these two Housing Investment Areas are summarized separately below.

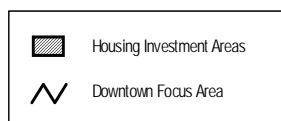
The City continues to prioritize other strategic housing incentive and preservation tools in the broader Downtown area, including the TDR and Housing Bonus Programs, as well as the Multi-family Tax Exemption Program if adopted by City Council. A key focus for Downtown is addressing the need for low-income housing, including housing affordable to lower-wage workers (typically households with incomes between 51-80% of median income).

*Neighborhood Plan-Identified Housing & Community Development Priorities (Belltown, Commercial Core, Denny Triangle, and Downtown Urban Center Planning Group Neighborhood Plans):*

- ▶ Make housing a high priority for TDR & Bonus Programs;
- ▶ Support full continuum of housing affordability;
- ▶ Preserve Downtown affordable housing; and
- ▶ Redevelop key sites identified in Neighborhood Plans.

*Primary Downtown Strategies:*

- ▶ Prioritize affordable housing projects that would serve households earning 51-80% of median income in areas where there already is significant low-income housing affordable at the less than 50% of median income level; encourage development of affordable housing for very low-income (<50% MI) and extremely low-income (<30% MI) populations in parts of Downtown where such opportunities do not already exist;
- ▶ Support keeping housing preservation and production as the primary focus of the TDR and Bonus programs;
- ▶ Target the Multi-family Tax Exemption (MFTE) Program in certain Downtown urban villages, assuming adoption of the program by City Council; and
- ▶ Exempt Downtown from City's dispersion policy, recognizing the unique status of Downtown as a jobs, transit, and services center and the correlating need for housing affordable to the full spectrum of income levels.





## **Housing Investment Area Priorities and Strategies**

Detailed housing and community development priorities and corresponding strategies for each of the designated Housing Investment Areas are outlined below. A map of each Housing Investment Area is also included. The priorities and strategies are intended to describe the City's general intent with regard to the use of housing funds in these areas; to describe certain policies and priorities for these areas contained in Neighborhood Plans and other documents; and to identify certain proposals to be considered in these areas. They are not intended to require action on any specific project or proposal, not to exclude any activity or proposal from consideration, nor to be the basis for any determination that a project or proposal is inconsistent with the Consolidated Plan.

### ***International District and Pioneer Square Housing Investment Areas***

#### *Neighborhood Plan-Identified Housing and Community Development Priorities:*

- ▶ Chinatown/International District Neighborhood Plan
  - Encourage development of housing affordable to low-wage families and individuals;
  - Preserve existing affordable housing;
  - Rehabilitate vacant and substandard buildings;
  - Preserve existing low-income housing and develop new housing affordable for a broad range of income levels in a way that does not dislocate existing residents; and
  - Explore inclusionary zoning as an affordable housing tool.
- ▶ Pioneer Square Neighborhood Plan Priorities
  - Initiate housing development through both renovation of historic structures and new construction;
  - Implement incentives to encourage private development of mixed-income housing;
  - Actively promote housing development opportunities on targeted sites identified in the Pioneer Square Neighborhood Plan;
  - Support securing the Kingdome North Lot for mixed-use development substantially devoted to housing;
  - Protect the existing supply of artist live/work space and expand artist housing opportunities; and
  - Maintain existing supply of low- and middle-income affordable housing and mission and shelter beds.

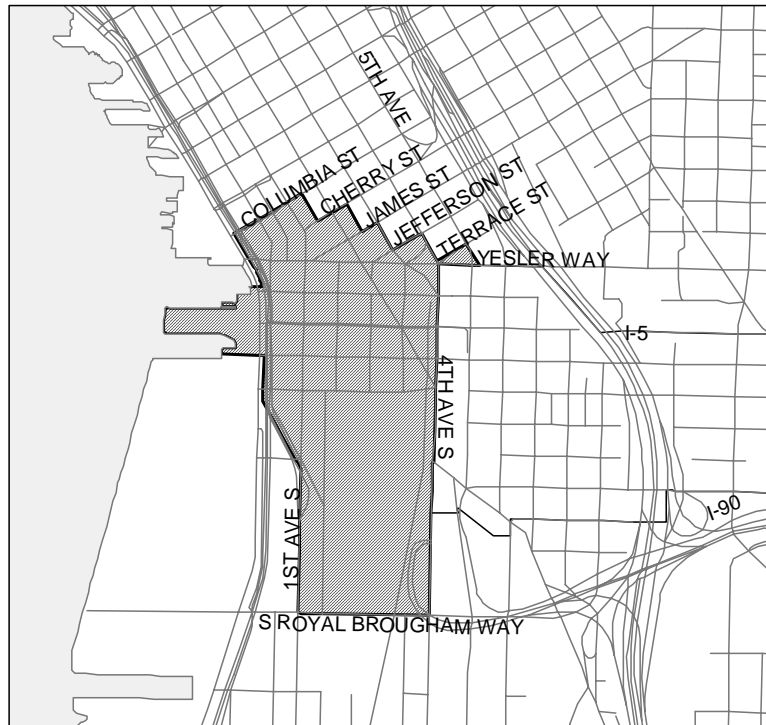
#### *International District and Pioneer Square Housing Investment Areas Strategies:*

- ▶ Levy Neighborhood Housing Opportunity Program (NHOP) funds may be used within the International District and Pioneer Square Housing Investment Areas. NHOP funds are generally intended for highly visible mixed-income, mixed-use projects that meet key community development goals;
- ▶ Levy Homebuyer Assistance Program funds are available to assist first-time homebuyers purchase homes within the International District and Pioneer Square Housing Investment Areas.
- ▶ Support keeping housing preservation and production as the primary focus of the TDR and Bonus programs;
- ▶ Consider funding for both renovation and new construction projects in order to ensure safe, quality housing for existing residents;
- ▶ Consider funding for affordable housing proposals that would redevelop problematic sites (i.e. dilapidated, criminal activity, etc.) and other key sites identified in Neighborhood Plans; Also consider funding for proposals that would provide affordable rental housing for seniors and low-wage workers (i.e. teachers, healthcare workers, retail workers);

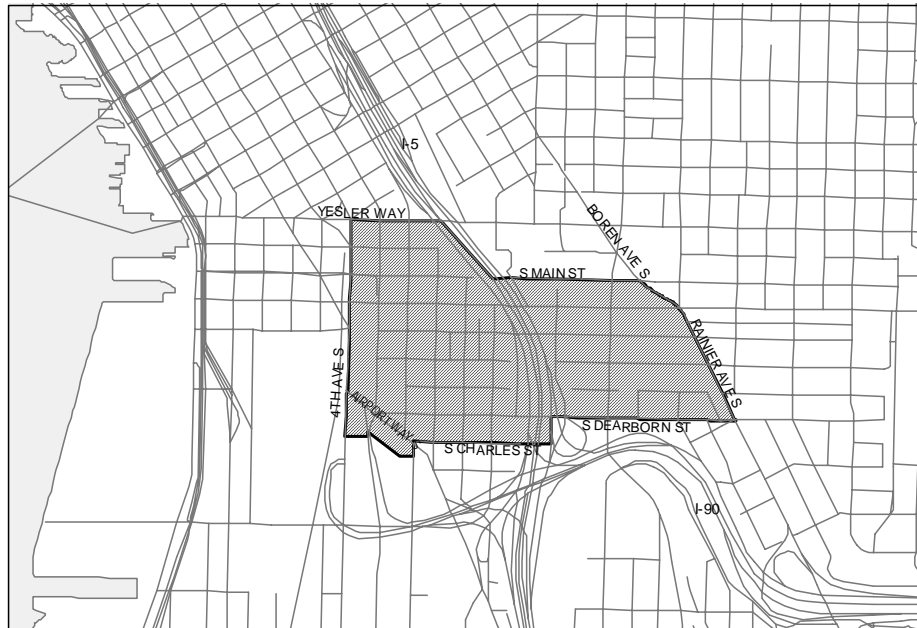
- ▶ Target the Multi-family Tax Exemption (MFTE) Program in the International District and Pioneer Square urban villages, assuming adoption of the program by City Council;
- ▶ In the International District and Pioneer Square Housing Investment Areas, CDBG and HOME funds may be used for units serving households with income up to 80% of median consistent with the Rental Affordability Policy;
- ▶ Consider restructuring financing for affordable housing with expiring subsidy contracts;
- ▶ Multi-family Rehabilitation Program funds are available for renovation of vacant and substandard buildings;
- ▶ Support enforcement of health and life safety code violations in vacant buildings;
- ▶ Promote Transit Oriented Development near RTA stations;
- ▶ Consider making publicly-owned surplus property available for conversion to mixed-income housing;
- ▶ Explore inclusionary zoning strategies as a tool for providing affordable housing as part of developments on publicly-owned property;
- ▶ Support use of resources for rehabilitation of dilapidated housing;
- ▶ All rental units subsidized under the Section 8 program must be inspected and meet Housing Quality Standards (HQS). HQS is a comprehensive program established by HUD to ensure that the housing it subsidizes remains decent, safe and sanitary. The City will coordinate with the Seattle Housing Authority (SHA) to promote HQS inspections; and
- ▶ Explore rezoning the portion of the International District that lies east of I-5 in order to promote mixed-use development.

*Housing Investment Area Maps:*

See maps of the Pioneer Square and International District Housing Investment Areas on the following pages.



Pioneer Square Housing Investment Area  
■ NHOP and Homebuyer Assistance Program target area



International District Housing Investment Area  
■ NHOP and Homebuyer Assistance Program target area

### ***Central Area Housing Investment Area***

#### *Neighborhood Plan-Identified Housing and Community Development Priorities (Central Area Neighborhood Plan):*

- ▶ Mitigate impacts of gentrification;
- ▶ Increase homeownership;
- ▶ Encourage development of market-rate housing for moderate-income families;
- ▶ Market home maintenance and repair programs to seniors; and
- ▶ Redevelop key sites identified in the Central Area Neighborhood Plan.

#### *Central Area Housing Investment Area Strategies:*

- ▶ Levy NHOP funds may be used within the Central Area Housing Investment Area. NHOP funds are generally intended for highly-visible mixed-income, mixed-use projects that meet key community development goals;
- ▶ Levy Homebuyer Assistance Program funds are available to assist first-time homebuyers purchase homes within the Central Area Housing Investment Area;
- ▶ Target the Multi-family Tax Exemption (MFTE) Program available in the 23rd & Jackson urban village, assuming adoption of the program by City Council;
- ▶ In the Central Area Housing Investment Area, CDBG and HOME funds may be used for units serving households with income up to 80% of median consistent with the Rental Affordability Policy;
- ▶ Consider funding for affordable housing proposals that would redevelop problematic sites (i.e. dilapidated, criminal activity, etc.) and other key sites identified in the Central Area Neighborhood Plan. Also consider funding for proposals that would provide affordable rental housing for seniors and low-wage workers (i.e. teachers, healthcare workers, retail workers);
- ▶ Market low-interest home improvement loans and free weatherization grants available through the City's HomeWise Program. Particularly focus on outreach to seniors;
- ▶ Make OH's Renters' and Homebuyers' Guides available at the Central Neighborhood Service Center and other community centers in the Central Area;
- ▶ Support use of resources for rehabilitation of dilapidated housing; and
- ▶ All rental units subsidized under the Section 8 program must be inspected and meet Housing Quality Standards (HQS); HQS is a comprehensive program established by HUD to ensure that the housing it subsidizes remains decent, safe and sanitary; The City will coordinate with the Seattle Housing Authority (SHA) to promote HQS inspections.

#### *Community review of proposed rental housing projects in the Central Area Housing Investment Area:*

Developers seeking City funding for affordable rental housing must follow the City's Good Neighbor Guidelines. Because of the historic concentrations of subsidized rental housing in parts of the Central Area, developers proposing additional City-funded housing are strongly encouraged to have an in-depth discussion about project plans with adjacent neighbors and appropriate community groups prior to submitting funding applications to the City. In accordance with the Good Neighbor Guidelines, residents must be able to review a proposed project when it is still at a conceptual design stage, so that both the sponsor and the City can consider comments. The intent is to seek neighborhood review of and, ideally, support for affordable housing projects.

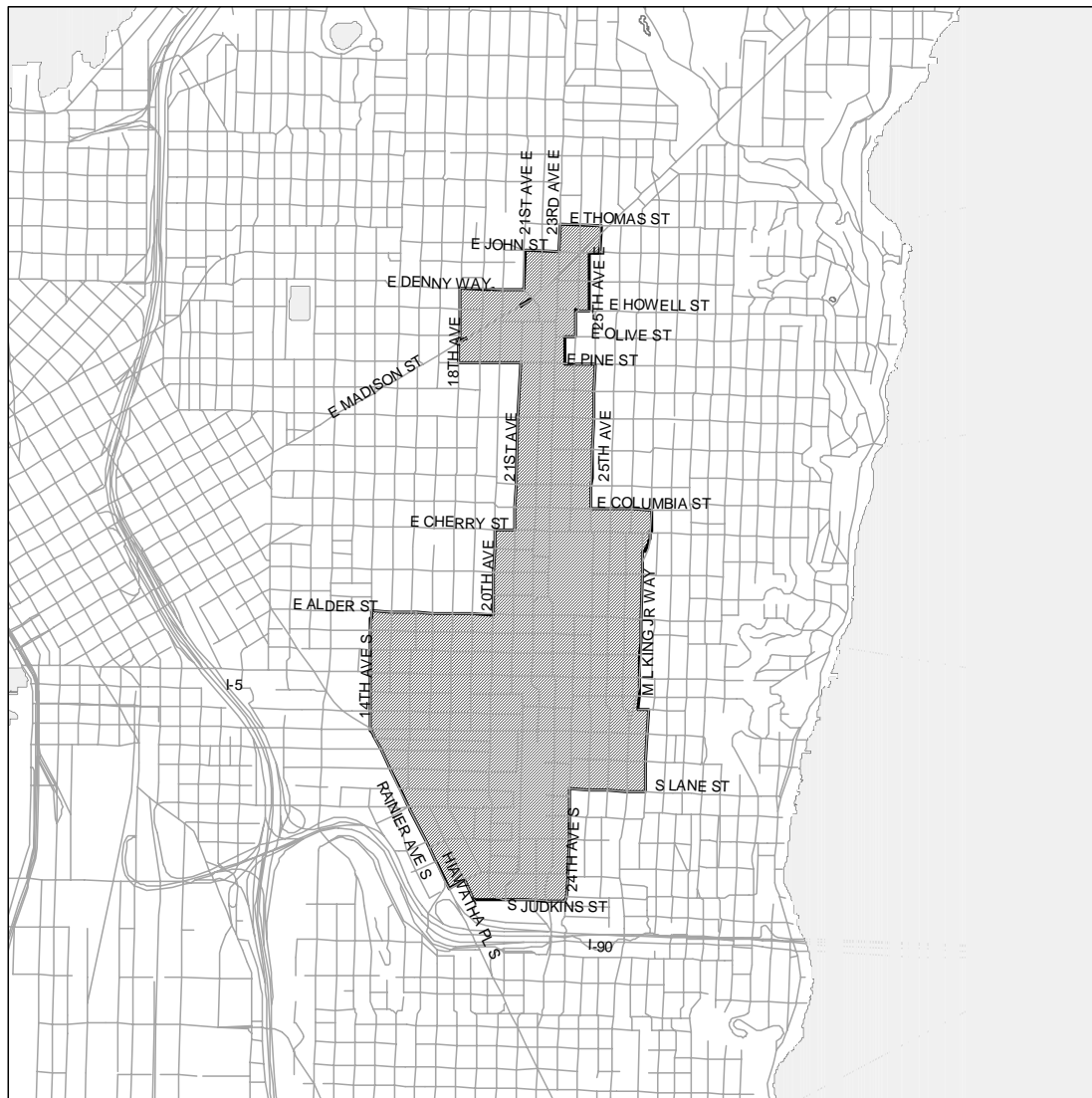
In addition, the City's dispersion policy applies in the Central Area and throughout the City, except for Downtown. OH generally does not fund, or certify as consistent with this Consolidated Plan, a project if the number of subsidized rental units it would add exceeds the capacity for additional subsidized rental housing in the Census block group where the project is located, based on the following calculation:

1. total number of housing units previously existing in the Census block group;
2. multiplied by 30%;
3. less the number of existing subsidized rental housing units in the Census block group.

See the subsection called “Dispersion Policy” in this chapter of the Consolidated Plan for more information.

*Housing Investment Area Map:*

See map of the Central Area Housing Investment Area on following page.



Central Area Housing Investment Area  
 ■ NHOP and Homebuyer Assistance Program target area

***Delridge/Westwood and South Park Housing Investment Areas***

*Neighborhood Plan-Identified Housing and Community Development Priorities:*

- ▶ Delridge and Westwood-Highland Park Neighborhood Plans
  - Encourage partnerships with community development organizations like Delridge Neighborhood Development Association (DNDA);
  - Redevelop key sites, particularly in commercial nodes where mixed-use development is envisioned;
  - Support High Point redevelopment efforts.
- ▶ South Park Neighborhood Plan
  - Encourage new construction of affordable housing;
  - Repair and maintain deteriorated housing;
  - Enforce life and safety codes for renter-occupied housing;
  - Provide resources and general information to tenants.

*Delridge/Westwood and South Park Housing Investment Areas Strategies:*

- ▶ Levy NHOP funds may be used within the Westwood-Highland Park and South Park urban villages and the five commercial nodes identified in the Delridge Neighborhood Plan. NHOP funds are generally intended for highly-visible mixed-income, mixed-use projects that meet key community development goals.
- ▶ Levy Homebuyer Assistance Program funds are available to assist first-time homebuyers purchase homes within the Delridge/Westwood and South Park Housing Investment Areas.
- ▶ Target the Multifamily Tax Exemption (MFTE) Program in the Westwood-Highland Park and South Park urban villages, assuming adoption of the program by City Council.
- ▶ In the Delridge/Westwood and South Park Housing Investment Areas, CDBG and HOME funds may be used for units serving households with income up to 80% of median consistent with the Rental Affordability Policy.
- ▶ Consider funding for affordable housing proposals that would redevelop problematic sites (i.e. dilapidated, criminal activity, etc.) and other key sites identified in Neighborhood Plans. Also consider funding for proposals that would provide affordable rental housing for low-wage workers (i.e. teachers, healthcare workers, retail workers).
- ▶ Market low-interest home improvement loans and free weatherization grants available through the City's HomeWise Program.
- ▶ Make OH's Renters' and Homebuyers' Guides available at the Delridge Neighborhood Service Center and other community centers in Southwest Seattle.
- ▶ Provide continued coordination with the Seattle Housing Authority (SHA) on the redevelopment of High Point.
- ▶ Support use of resources for rehabilitation of dilapidated housing.
- ▶ All rental units subsidized under the Section 8 program must be inspected and meet Housing Quality Standards (HQS). HQS is a comprehensive program established by HUD to ensure that the housing it subsidizes remains decent, safe and sanitary. The City will coordinate with the Seattle Housing Authority (SHA) to promote HQS inspections.

*Community review of proposed rental housing projects in the Delridge/Westwood and South Park Housing Investment Areas:*

Developers seeking City funding for affordable rental housing must follow the City's Good Neighbor Guidelines. Because of the historic concentrations of subsidized rental housing in parts of Southwest Seattle, developers proposing additional City-funded housing are strongly encouraged to have an in-depth discussion about project plans with adjacent neighbors and appropriate community groups prior to submitting funding applications to the City. In accordance with the Good Neighbor Guidelines, residents must be able to review a proposed project when it is still at a conceptual design stage, so that both the



sponsor and the City can consider comments. The intent is to seek neighborhood review of and, ideally, support for affordable housing projects.

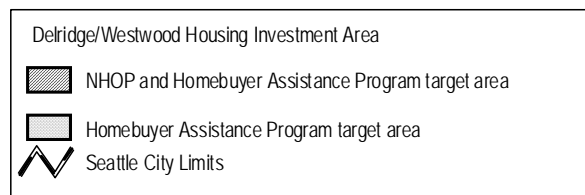
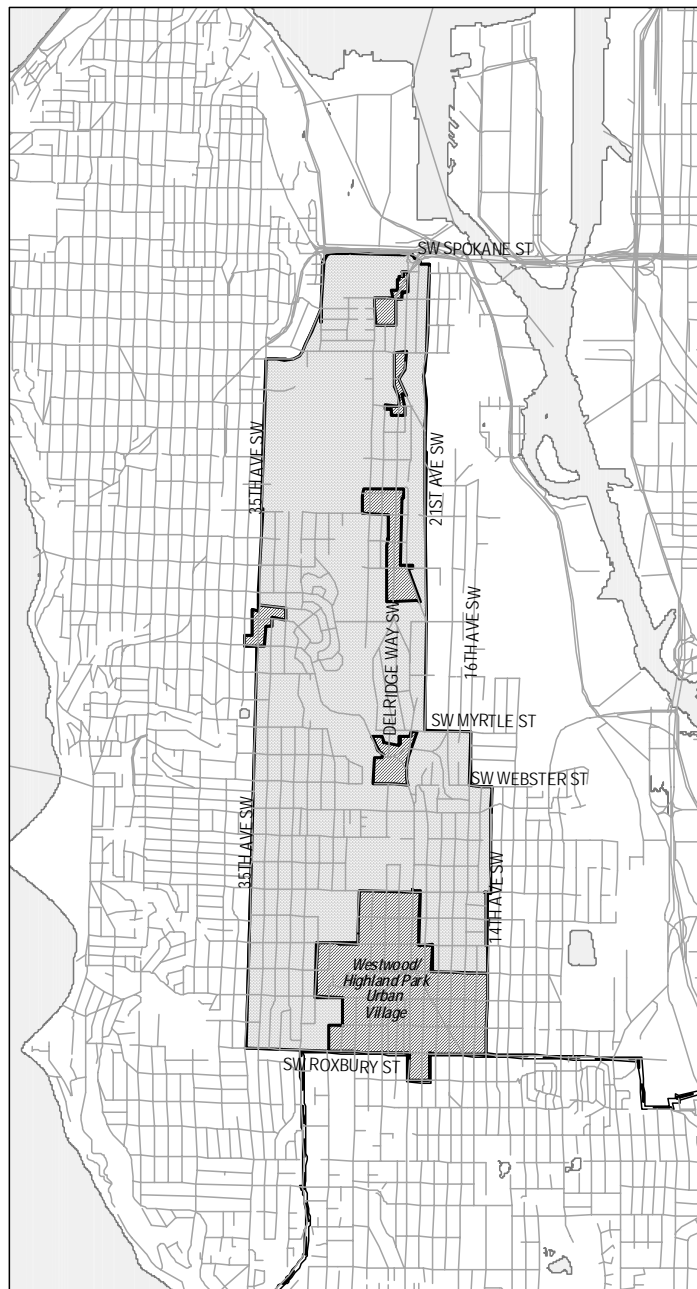
In addition, the City's dispersion policy applies in Delridge/Westwood and South Park and throughout the City, except for Downtown. OH generally does not fund, or certify as consistent with this Consolidated Plan, a project if the number of subsidized rental units it would add exceeds the capacity for additional subsidized rental housing in the Census block group where the project is located, based on the following calculation:

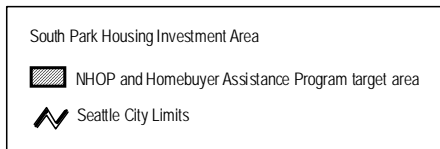
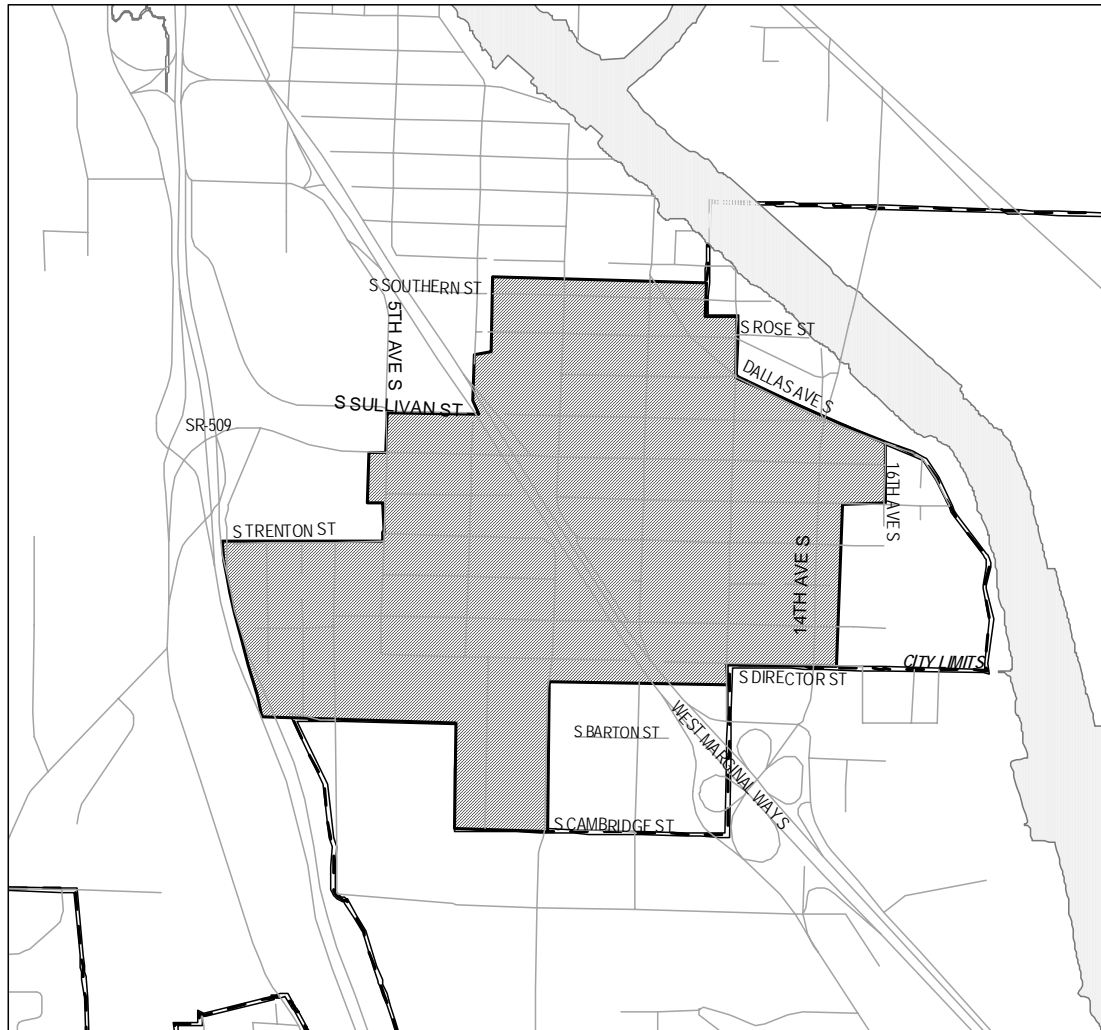
1. total number of housing units previously existing in the Census block group;
2. multiplied by 30%;
3. less the number of existing subsidized rental housing units in the Census block group.

See the subsection called "Dispersion Policy" in this chapter of the Consolidated Plan for more information.

*Housing Investment Area Maps:*

See maps of the Delridge/Westwood and South Park Housing Investment Areas on the following pages. Detailed maps of the Westwood-Highland Park Urban Village and the Delridge and High Point commercial nodes are available from OH upon request.





***Rainier Valley/Beacon Hill Housing Investment Area***

*Neighborhood Plan-Identified Housing and Community Development Priorities (Beacon Hill, North Rainier, Columbia City, MLK @ Holly, & Rainier Beach Neighborhood Plans):*

- ▶ Encourage partnerships with community development organizations like SEED and HomeSight;
- ▶ Redevelop key sites identified in Neighborhood Plans;
- ▶ Provide more housing for seniors;
- ▶ Increase homeownership opportunities for low- and moderate-income households; and
- ▶ Support Holly Park and Rainier Vista redevelopment efforts.

*Rainier Valley/Beacon Hill Housing Investment Area Strategies:*

- ▶ Levy NHOP funds may be used within the North Rainier, Columbia City, MLK @ Holly, Rainier Beach, and North Beacon Hill urban villages. NHOP funds are generally intended for highly-visible mixed-income, mixed-use projects that meet key community development goals.
- ▶ Levy Homebuyer Assistance Program funds are available to assist first-time homebuyers purchase homes within the Rainier Valley/Beacon Hill Housing Investment Area.
- ▶ Target the Multi-family Tax Exemption (MFTE) Program in the North Rainier, Columbia City, MLK @ Holly, Rainier Beach, and North Beacon Hill urban villages, assuming adoption of the program by City Council.
- ▶ In the Rainier Valley/Beacon Hill Housing Investment Area, CDBG and HOME funds may be used for units serving households with income up to 80% of median consistent with the Rental Affordability Policy.
- ▶ Consider funding for affordable housing proposals that would redevelop problematic sites (i.e. dilapidated, criminal activity, etc.) and other key sites identified in Neighborhood Plans. Also consider funding for proposals that would provide affordable rental housing for seniors and low-wage workers (i.e. teachers, healthcare workers, retail workers).
- ▶ Market low-interest home improvement loans and free weatherization grants available through the City's HomeWise Program. Particularly focus on outreach to seniors. Use the HomeWise Program as a tool to improve pockets of deteriorated and neglected housing in Rainier Valley/Beacon Hill.
- ▶ Make OH's Renters' and Homebuyers' Guides available at the Southeast Neighborhood Service Center and other community centers in Rainier Valley/Beacon Hill.
- ▶ Provide continued coordination with the Seattle Housing Authority (SHA) on the redevelopment of Holly Park and Rainier Vista.
- ▶ Support use of resources for rehabilitation of dilapidated housing.
- ▶ All rental units subsidized under the Section 8 program must be inspected and meet Housing Quality Standards (HQS). HQS is a comprehensive program established by HUD to ensure that the housing it subsidizes remains decent, safe and sanitary. The City will coordinate with the Seattle Housing Authority (SHA) to promote HQS inspections.

*Community review of proposed rental housing projects in the Rainier Valley/Beacon Hill Housing Investment Area:*

Developers seeking City funding for affordable rental housing must follow the City's Good Neighbor Guidelines. Because of the historic concentrations of subsidized rental housing in parts of Rainier Valley and Beacon Hill, developers proposing additional City-funded housing are strongly encouraged to have an in-depth discussion about project plans with adjacent neighbors and appropriate community groups prior to submitting funding applications to the City. In accordance with the Good Neighbor Guidelines, residents must be able to review a proposed project when it is still at a conceptual design stage, so that both the sponsor and the City can consider comments. The intent is to seek neighborhood review of and, ideally, support for affordable housing projects.

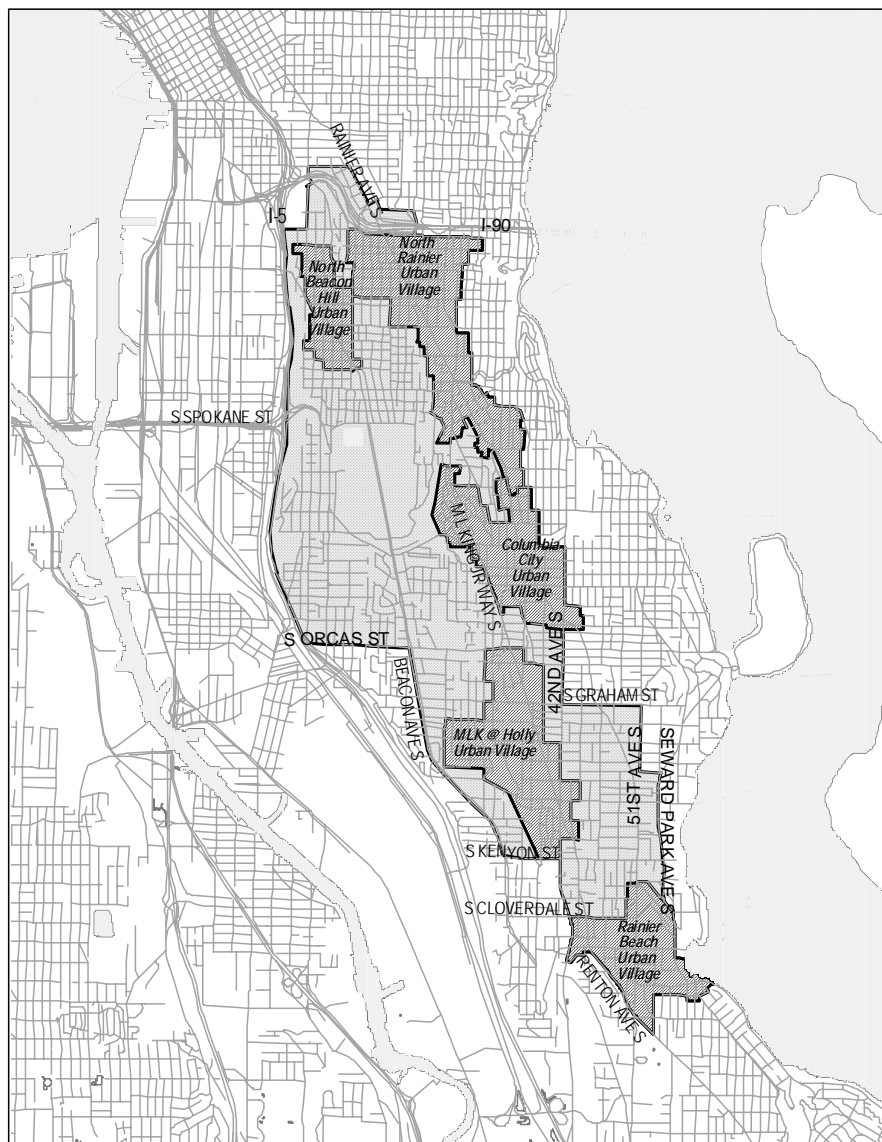
In addition, the City's dispersion policy applies in Rainier Valley/Beacon Hill and throughout the City, except for Downtown. OH generally does not fund, or certify as consistent with this Consolidated Plan, a project if the number of subsidized rental units it would add exceeds the capacity for additional subsidized rental housing in the Census block group where the project is located, based on the following calculation:

1. total number of housing units previously existing in the Census block group;
2. multiplied by 30%;
3. less the number of existing subsidized rental housing units in the Census block group.


See the subsection called "Dispersion Policy" in this chapter of the Consolidated Plan for more information.

*Housing Investment Area Map:*

See map of the Rainier Valley/Beacon Hill Housing Investment Area below. Detailed maps of the North Beacon Hill, North Rainier, Columbia City, MLK @ Holly, and Rainier Beach Urban Villages are available from OH upon request.



Rainier Valley/Beacon Hill Housing Investment Area

 NHOP and Homebuyer Assistance Program target area

 Homebuyer Assistance Program target area

***Bitter Lake and Northgate Housing Investment Areas***

*Neighborhood Plan-Identified Housing and Community Development Priorities:*

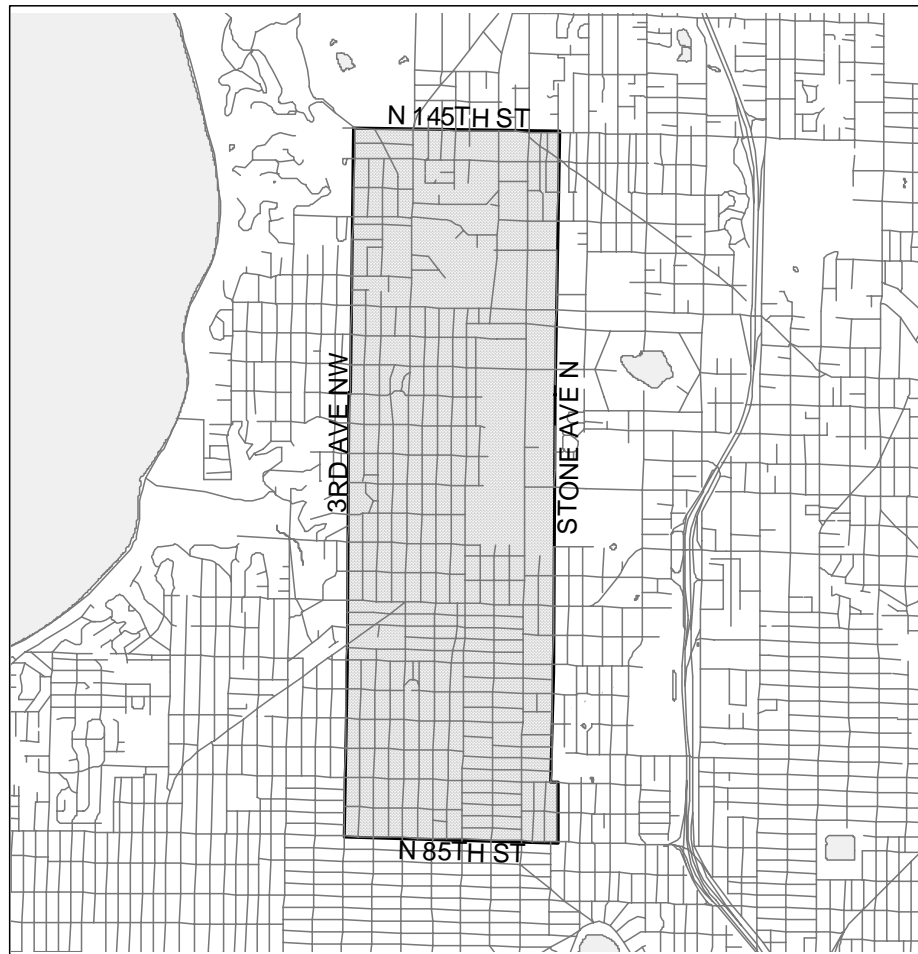
- ▶ Bitter Lake Neighborhood Plan:
  - Promote redevelopment that creates and enhances a pedestrian environment;
  - Provide assistance to homeowners interested in developing accessory dwelling units (ADUs).
- ▶ Northgate Neighborhood Plan Priorities:
  - Promote mixed-use development in the Northgate core, to create a pedestrian environment and support transit hub;
  - Promote housing that is affordable to all income levels and is compatible with adjacent single-family areas.

*Bitter Lake and Northgate Housing Investment Areas Strategies:*

- ▶ Levy Homebuyer Assistance Program funds are available to assist first-time homebuyers purchase homes within the Bitter Lake and Northgate Housing Investment Areas.
- ▶ Target the Multi-family Tax Exemption (MFTE) Program in the Northgate and Bitter Lake urban villages, assuming adoption of the program by City Council.
- ▶ Consider funding for affordable housing proposals that would redevelop key sites identified in Neighborhood Plans and promote the vision for more pedestrian-friendly environments. Also consider funding for proposals that would provide affordable rental housing for low-wage workers (i.e. teachers, healthcare workers, retail workers).
- ▶ Make OH's Renters' and Homebuyers' Guides available at Bitter Lake and Northgate community centers.
- ▶ Support use of resources for rehabilitation of dilapidated housing.
- ▶ All rental units subsidized under the Section 8 program must be inspected and meet Housing Quality Standards (HQS). HQS is a comprehensive program established by HUD to ensure that the housing it subsidizes remains decent, safe and sanitary. The City will coordinate with the Seattle Housing Authority (SHA) to promote HQS inspections.

*Housing Investment Area Maps:*

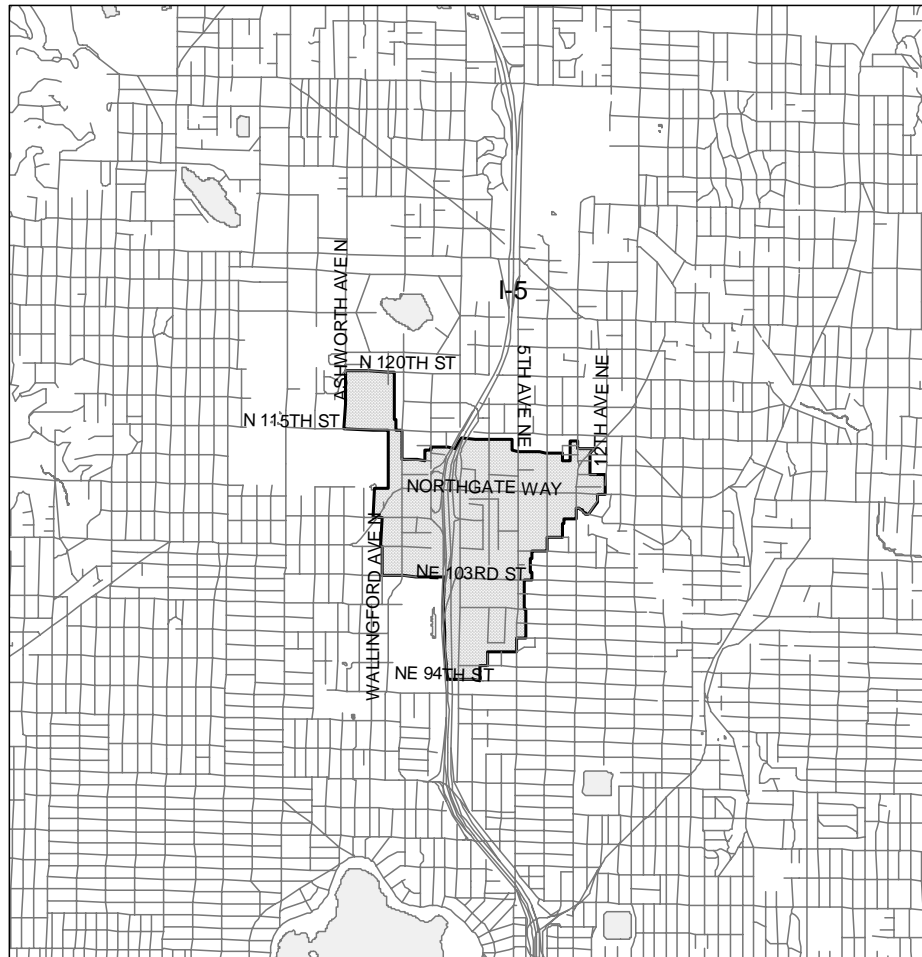
See maps of the Bitter Lake and Northgate Housing Investment Areas on the following pages.



Bitter Lake Housing Investment Area

 Homebuyer Assistance Program target area





Northgate Housing Investment Area

 Homebuyer Assistance Program target area

## Neighborhood Revitalization Strategy Areas

In 1999, the Department of Housing and Urban Development (HUD) designated five Neighborhood Revitalization Strategy Areas (NRSAs), in consultation with individual neighborhood planning groups and community-based development organizations (CBDOs). A neighborhood must meet certain HUD criteria in order to be designated as an NRSA. Namely, the area must be primarily residential with a high percentage of the population living in the applicable census tracts and/or block groups must be low- or moderate-income.

The following parts of Seattle are NRSAs: (1) Central Area, (2) Southeast Seattle, (3) Delridge/High Point, (4) Pioneer Square, and (5) International District. There is some overlap between the new Housing Investment Areas and the NRSAs, but boundaries for the Housing Investment Areas are based on more current data.

NRSAs tie five-year quantifiable, outcome-based benchmarks to Community Development Block Grant (CDBG) funding decisions. They are designed to ensure that there is a proper integration of physical and service improvements necessary to provide economic opportunities to residents.

In NRSAs, HUD allows public agencies and CBDOs enhanced flexibility in undertaking activities with CDBG funds. For example, within a NRSA:

- ▶ Any job creation or retention effort undertaken pursuant to the approved strategy is deemed to meet the CDBG low-/moderate-income area benefit requirements without specific tracking of incomes of job applicants and recipients.
- ▶ The affordability of scattered assisted housing units can be tracked as a single project, meaning that 51% of the scattered units can be affordable to low/moderate income households rather than each site being required to meet the 51% affordability requirement.
- ▶ Public services offered by a CBDO in execution of a NRSA plan are not subject to the CDBG public service cap.

The NRSA designation is used to help prioritize CDBG spending and helps community providers design programs and services that are best done on a smaller geographic basis. The NRSA program does not result in additional CDBG funds for the City, and NRSAs do not necessarily receive a higher percentage of the City's pool of CDBG funds.